



U. S. Department of Commerce Bureau of Export Administration

FOR IMMEDIATE RELEASE:

September 3, 1998

CONTACTS:

Eugene Cottilli
Susan Hofer
(202) 482-2721

COMMERCE DEPARTMENT PENALIZES MEXICAN FIRM, FREIGHT FORWARDERS, TO SETTLE CHARGES OF ILLEGAL EXPORTS

WASHINGTON -- The Commerce Department's Bureau of Export Administration today imposed a \$65,000 civil penalty on Syntex S.A. de C.V., a Mexican chemical company, to settle charges it violated the Export Administration Regulations by causing, aiding, or abetting the export of U.S.-origin hydrogen fluoride from the United States to Mexico, Assistant Secretary for Export Enforcement F. Amanda DeBusk announced.

Syntex agreed to pay the penalty to settle allegations that, on thirteen separate occasions between September 1992 and January 1996, it was responsible for exporting the chemical without the required Commerce Department licenses. A portion of the penalty, \$32,500, will be suspended for two-years, then waived if Syntex commits no violations.

Two Laredo, Texas-based freight forwarders who acted as agents for Syntex in the transactions also received civil penalties. In separate cases, Mario Palmeros of Palmeros Forwarding was fined \$50,000, and Villasana and Company, Inc. was fined \$2,500. Both Palmeros and Villasana had their export privileges denied for two years, and in both cases the civil penalties and denial of export privileges were suspended for a two-year probationary period. If any violations occur during the probationary period, the penalties can be reinstated.

The Department alleged that Palmeros and Villasana prepared and used export control documents representing that the chemicals needed no Commerce licenses when in fact licenses were required. Palmeros acted as an agent for Syntex in ten transactions, and Villasana acted as agent in one transaction.

The Bureau of Export Administration's Dallas Field Office conducted all three investigations.

Hydrogen fluoride is controlled for export by multilateral agreement with the 30-nation Australia Group of chemical producers because, in addition to its legitimate commercial uses, the chemical has the potential to serve as a precursor in a chemical weapons program.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the Regulations.

SEP 23 1997



2578-2
UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Syntex, S.A. de C.V.
Paseo de la Reforma 222
Lomas de Bezares
Miguel Hidalgo
11910 Mexico, Distrito Federal
Mexico

Attention: Victor Manuel Migueles
President and General Director

Dear Mr. Migueles:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Syntex, S.A. de C.V. (Syntex) has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act).²

Facts constituting violations:

¹ The alleged violations occurred in 1992, 1993, 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1992, 1993, 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993, 1994, 1995 and 1996)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, codified at 15 C.F.R. Parts 730-774, establish the procedures that apply to the matters set forth in this letter.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices on August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)) (IEEPA).



Charges 1-13

On thirteen separate occasions between on or about September 24, 1992 and on or about January 22, 1996, Syntex caused, aided and abetted the export by its agent of U.S.-origin hydrogen fluoride from the United States to Mexico without the validated licenses that were required by Section 772.1(b) of the former Regulations.³ Each of the thirteen transactions is described more fully on the enclosed schedule, which is incorporated herein by this reference. BXA alleges that, by causing, aiding, or abetting the doing of an act prohibited, or the omission of any act required, by the Act, or any regulation, order, or license issued thereunder, Syntex violated Section 787.2 of the former Regulations in connection with each of the shipments, for a total of thirteen violations.

Accordingly, Syntex is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);

Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or

Exclusion from practice before BXA (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If Syntex fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

Syntex is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law

³ Between September 24, 1992 and March 27, 1993, and between August 20, 1994 and January 22, 1996, the former Regulations were continued in effect by Executive Order issued pursuant to IEEPA.

judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Accordingly, Syntex's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Syntex's answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION: Lorie B. Whitaker, Esq." below the address. Ms. Whitaker may be contacted by telephone at (202) 482-5311.

Sincerely,



Mark D. Menefee
Acting Director
Office of Export Enforcement

Enclosures

SCHEDULE OF VIOLATIONS**SYNTEX, S.A. de C.V.**

CHARGES	DATE (ON OR ABOUT)	INVOICE AND ORDER	COMMODITY	DESTINATION
1	09/24/92	104-93161 203451	Hydrogen Fluoride	Mexico
2	02/19/93	104-26833 104-73749	Hydrogen Fluoride	Mexico
3	04/23/93	104-36739 104-74517	Hydrogen Fluoride	Mexico
4	07/08/93	104-54025 104-77006	Hydrogen Fluoride	Mexico
5	01/07/94	104-84787 104-81696	Hydrogen Fluoride	Mexico
6	01/07/94	104-84997 104-81672	Hydrogen Fluoride	Mexico
7	03/16/94	104-96589 104-83142	Hydrogen Fluoride	Mexico
8	11/26/94	104-49474 104-90477	Hydrogen Fluoride	Mexico
9	01/26/95	104-59040 104-90759	Hydrogen Fluoride	Mexico
10	07/25/95	104-88863 104-96251	Hydrogen Fluoride	Mexico
11	10/11/95	104-14973 104-98284	Hydrogen Fluoride	Mexico
12	11/09/95	104-20758 104-99897	Hydrogen Fluoride	Mexico
13	01/22/96	104-31953 104-11870	Hydrogen Fluoride	Mexico

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)	
)	
SYNTEX, S.A. de C.V.)	Docket No.
Paseo de la Reforma 222)	97-BXA-14
Lomas de Bezares)	
Miguel Hidalgo)	
11910 Mexico, Distrito Federal)	
Mexico,)	
)	
Respondent)	

SETTLEMENT AGREEMENT

This Agreement is made by and between Syntex, S.A. de C.V. (Syntex) and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(b) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (1998)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1998)) (the Act).²

¹ The alleged violations occurred in 1992, 1993, 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1992, 1993, 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993, 1994, 1995 and 1996)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to this matter.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (63 Fed. Reg. 44121, August 17, 1998), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1998)).

WHEREAS, on September 23, 1997, the Office of Export Enforcement, Bureau of Export Administration (BXA), initiated an administrative proceeding against Syntex pursuant to the Act and the Regulations by issuing a Charging Letter alleging that, on 13 separate occasions between on or about September 24, 1992 and on or about January 22, 1996, Syntex caused, aided and abetted the export by its agent of U.S.-origin hydrogen fluoride from the United States to Mexico without the validated licenses that were required by Section 772.1(b) of the former Regulations, in violation of Section 787.2 of the former Regulations;

WHEREAS, Syntex received notice of issuance of the Charging Letter on October 8, 1997, pursuant to Section 766.3(b) of the Regulations;

WHEREAS, Syntex has reviewed the Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Syntex neither admits nor denies the allegations contained in the Charging Letter;

WHEREAS, Syntex and BXA wish to settle and dispose of all matters alleged in the Charging Letter by entering into this Settlement Agreement; and

WHEREAS, Syntex agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order); .

NOW THEREFORE, Syntex and BXA agree as follows:

1. BXA has jurisdiction over Syntex, under the Act and the Regulations, in connection with the matters alleged in the Charging Letter. Syntex does not waive any future jurisdictional defense in connection with any other matter.

2. BXA and Syntex agree that the following sanction shall be imposed against Syntex in complete settlement of the alleged violations of the Act and the former Regulations set forth in the Charging Letter:

- a. Syntex shall be assessed a civil penalty in the amount of \$65,000, \$32,500 of which shall be paid within 30 days from the date of entry of the appropriate Order. Payment of the remaining \$32,500 shall be suspended for a period of one year from the date of entry of the appropriate Order and shall thereafter be waived, provided that, during the period of suspension, Syntex has committed no violation of the Act, or any regulation, order, or license issued thereunder.

b. As authorized by Section 11(d) of the Act, the timely payment of the civil penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Syntex. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Syntex's export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.

3. Syntex agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right (a) to an administrative hearing regarding the allegations in the Charging Letter; (b) to request a refund of any civil penalty paid pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this -- Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will deliver a copy of that Order to the United States Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022. The Order notifies that office that the

case is withdrawn from adjudication, as provided by Section 766.18(b) of the Regulations.

5. Syntex understands that BXA will make the Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Syntex agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(b) of the Regulations, BXA and Syntex agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

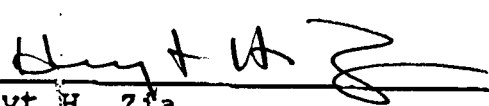
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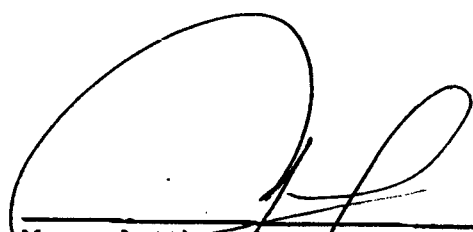
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8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

SYNTEX, S.A. de C.V.


Hoyt H. Zia
Chief Counsel
for Export Administration


Manuel Miguéles
General Manager

Date: 8/31/98

Date: 27-08-98

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)	
)	Docket No.
SYNTEX, S.A. de C.V.)	97-BXA-14
Paseo de la Reforma 222)	
Lomas de Bezares)	
Miguel Hidalgo)	
11910 Mexico, Distrito Federal)	
Mexico,)	
)	
Respondent)	

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having initiated an administrative proceeding against Syntex, S.A. de C.V. (Syntex)) pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1998)) (the Act), and the Export Administration Regulations (15 C.F.R. Parts 730-774 (1998)) (the Regulations),² based on allegations that, on 13 separate

¹ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (63 Fed. Reg. 44121, August 17, 1998), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1998)).

² The alleged violations occurred in 1992, 1993, 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1992, 1993, 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993, 1994, 1995 and 1996)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to this matter.

occasions between on or about September 24, 1992 and or about January 22, 1996, Syntex caused, aided and abetted the export by its agent of U.S.-origin hydrogen fluoride from the United States to Mexico without the validated licenses that were required by Section 772.1(b) of the former Regulations, in violation of Section 787.2 of the former Regulations; and

BXA and Syntex having entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$65,000 is assessed against Syntex, \$32,500 of which shall be paid within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$32,500 shall be suspended for a period of one year from the date of entry of this Order and shall thereafter be waived, provided that, during the period of suspension Syntex has committed no violation of the Act, or any regulation, order or license issued thereunder.

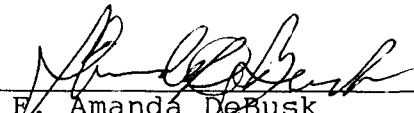
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 & Supp. 1998)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Syntex will be assessed,

in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that a copy of this Order shall be delivered to the United States Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022, notifying that office that the case is withdrawn from adjudication, as provided by Section 766.18(b) of the Regulations.

FOURTH, that the Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



E. Amanda DeBusk
Assistant Secretary
for Export Enforcement

Entered this 3rd day of September, 1998.